



PSC NEWS

Missouri Public Service Commission

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KANSAS CITY POWER & LIGHT RATE INCREASE FIRST IN MORE THAN 18 YEARS

Increase tied to plan to meet customer demand

JEFFERSON CITY---The Missouri Public Service Commission has approved a rate increase for Kansas City Power & Light Company (KCPL), the first increase since May of 1988. The Commission's vote was 3 to 2. This is the first rate case since the Commission approved an agreement among parties last year establishing an experimental regulatory plan for the western Missouri electric company. That plan details the supply, delivery and pricing of electric service to be provided by KCPL into the future.

The Public Service Commission's order grants a rate increase of approximately \$50 million or an approximate 10% increase. When the electric company filed its rate request on February 1, 2006, it sought to increase annual electric revenues by approximately \$55.8 million or approximately 11.5%. The rate increase will take effect for service on and after January 1, 2007.

The electric company's last rate increase of approximately \$8.5 million in May of 1988 reflected the final year of a rate phase-in associated with the addition of the Wolf Creek nuclear power plant. Since 1988, KCPL rates have decreased four times; the last rate reduction of approximately \$15 million took effect in April of 1999.

KCPL's rate case filed in February is one of the requirements under the experimental regulatory plan. That plan involves the construction of a new coal-fired power plant (Iatan 2), environmental upgrades to a number of KCPL's existing power plants, wind generation and various customer programs designed to conserve energy.

The rate case decided today by the Commission not only addresses various aspects of the regulatory plan but also reflects KCPL's increased operating costs, fuel and transportation issues as well as investment in plant and equipment.

As part of its decision, the Commission authorized KCPL a return on equity of 11.25%. KCPL sought 11.5% in its rate request.

KCPL serves approximately 267,000 electric customers in 13 western Missouri counties.